

**FINAL BUDGET  
OF  
INGQUZA HILL LOCAL MUNICIPALITY**



**2019/20 TO 2021/22  
REVENUE AND EXPENDITURE FORECASTS**

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## Abbreviations and Acronyms

BPC	Budget Planning Committee		Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
MM	Municipality Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
Dora	Division of Revenue Act	MSA	Municipal Systems Act
EE	Employment Equity	MTEF	Medium-term Expenditure Framework
EM	Executive Mayor	MTREF	Medium-term Revenue and Expenditure Framework
FBS	Free basic services		Regulator South Africa
GAMAP	Generally Accepted Municipal Accounting Practice	NGO	Non-Governmental organisations
GDP	Gross domestic product	NKPIs	National Key Performance Indicators
GFS	Government Financial Statistics	OHS	Occupational Health and Safety
GRAP	General Recognised Accounting Practice	OP	Operational Plan
HR	Human Resources	PMS	Performance Management System
HSRC	Human Science Research Council	PPE	Property Plant and Equipment
IDP	Integrated Development Strategy	SALGA	South African Local Government Association
IT	Information Technology	SDBIP	Service Delivery Budget Implementation Plan
LED	Local Economic Development	SMME	Small Micro and Medium Enterprises
MEC	Member of the Executive Committee		
MFMA	Municipal Financial Management Act		

## Part 1- MAYORS FOREWORD

### FOREWORD BY THE MAYOR



*Cllr. B.B. Goya- His Worship the Mayor*

#### **Vision**

*"A developmental and responsive municipality"*

#### **Mission**

*"To promote sustainable development by ensuring service delivery in an equitable manner prioritizing community needs and good governance".*

Ingquza Hill Local Municipality Council in the first months of the first year of the five year term embarks on a planning for the next five years which is part of the long term planning as encouraged by the National Development Plan (NDP).

The session serves as a compass for the Council which will lead to the intended destination. The end product therefore becomes the Integrated Development Plan (IDP) which is reviewed in every 12 months in a mid-year strategic planning session. The Council develops the document over a period of 12 months which involves consultation with stakeholders, which includes government departments as the process is a cycle. Integrated Development Plan (IDP) is a strategic document guiding the municipality as to what is to be done, when, how, where, as informed by the people's inputs and contributions through Imbizos and other public participation platforms.

Through a partnership with Eastern Cape Socio Economic Consultative Council (ECSECC) we are moving towards implementing our mission to have attain a stage of long term planning which we call 2030 vision. This will assist the municipality in checking the relevance of its goals against the National Development Plan and other government initiatives on long term planning. As the municipality we are also going to intensify the ward based planning which will accelerate the community involvement.

The development of the strategic document is a mandatory core function of each and every municipality as guided by the Chapter 5, ss 23 to 37 of the Municipal Systems Act 32 of 2000. These sections stipulate the process which must be followed when developing and adopting a strategic document until its implementation. The IDP is also informed by section 24 (2) of the Municipal Finance Management Act (MFMA), Act 56 of 2003 that talks to the budget which must be approved before the start of each financial year.

This process includes the submission of the document to the MEC responsible for Cooperative Governance and Traditional Affairs and also the review and amendment of the document which must be followed to the latter. As Ingquza Hill Local Municipality we pride ourselves of being consistent in following the processes at all material times as our document is owned up by the communities and speak to the community demands or needs.

We must also raise that the EXCO outreach programmes wherein we report progress in a form of annual report adopted by the council are also used as a platform to enable communities to assess our performance and monitor progress in terms of our programmes which we pledged to do.

We also embark on IDP and Budget roadshows every year to consult our people on the development of this document which is also made available for public comments before it is adopted by the end May every year. IDP is a document which also informs the budget and service delivery implementation plan which is our score card over which communities have to rate us on.

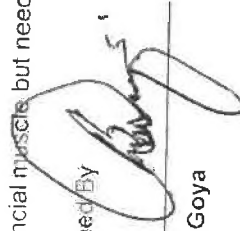
As I conclude, I wish to make a call to our communities to support our vision and mission towards development of our area of operations. My call is informed by the fact that we have low revenue that we collect.

As we speak our population is at three hundred thousand seven hundred and forty nine as per the 2016 Census statistics, whom we serve and have different interests but unfortunately we heavily rely on the national allocations and grants with specified scope. We therefore appeal to our communities to be patient and continuously look at the IDP documents so as to avoid tensions and demands which are outside the IDP document.

Lastly, we are trying our level best to spread the budget and programs to cover the majority of our population which is mainly youth and women and we hope this will yield positive results.

As a rural municipality we have to focus on agricultural development and ocean economy which does not need exportation of skills and large sums of financial resources but needs dedication and commitment

Signed/By



B.B. Goya

His Worship the Mayor

## Part 2- EXECUTIVE REPORT

### EXECUTIVE SUMMARY

Integrated Development Plan (IDP) – a five (5) year plan that gives an overall framework for quality service delivery plan. It is mainly aimed at coordinating the work of government in a coherent way plan to improve the quality of all people inhabiting an area. The plan focuses on socioeconomic for the area wholly.

Because of diversity in our everyday lives, the plan must be reviewed annually to check whether there are amendments and/or changes which can be effected on the original plan. Our municipality, guided by the Municipal Systems Act 32 of 2000, compiled such document which was done through IDP representative fora and various public participatory platforms like imbizos, roadshows

During the 2018/2019 Municipal Strategic Planning, many successes and challenges were tabled. The session discussed and evaluated ways by which challenges would be overcome and how the mentioned successes can be maintained and thus improve our operations. Our priority is ensuring service delivery does get to the people. They need to have access roads and such– maintained and/or new – and we must make it a priority that our communities have access to all government services, Albeit doing well in most specifics. we, however, need not be complacent.

As much as there are villages with clean water, it remains a challenge for many and their hopes rely on us. Our dream of clean water accessibility for all is still on and we will forge new avenues – through the District – to make it a point that we realize this dream.

We have a long-term vision termed vision 2035, which runs concurrently with national vision 2030. This is in no way saying we will rest in our laurels. Annually we have plans that must be carried out. The needs of our people must always be at the forefront

Envisaged in this vision is the youth. There are platforms in place and we urge them to tap into the opportunities presented. Ingquza Hill has opportunities in ocean economy which, I believe, are untapped. They must fill that gap. We have a youth desk office in place which has a mandate of empowering youth with knowledge and more. Utilize it to its maximum capacity it is yours!

In summary this documents reflects the status of our area in so far as socio economic reflections, service delivery achievements and backlog that still need to be addressed.

Together with other government departments strategies are identified which should assist all department to align their plans with such strategies. The integrated approach resulted in a document that reflect synergy amongst government institution.

Identified projects especially those that are within annual plan will assist in changing lives of our people and give hope that in community need continually be addressed during outer years.

Justice would have not been served if baseline risk assessment is now reflected so that communities are informed of risks surrounding service delivery. With the assistance of communities some of these risks can be avoided. However, there are mitigation measures in place to make sure that service delivery goals are achieved.

Mveliso Gqada

*Mveliso Gqada*.....

Acting Municipal Manager



## PART 3 – ANNUAL BUDGET & SUPPORTING TABLES

### 1. INTRODUCTION AND BACKGROUND

**The purpose of this report is for the Mayor to outline the fiscal budget and table it to the Council in 30 days before the start of the Financial Year.**

Accounting Officer to:

- a) Submit the Final Budget of Ingquza Hill Local Municipality for 2019/2020 to National Treasury and the relevant Provincial Treasury within 10 days after it has been approved by the council, in both printed electronic form and it must be extracted from the financial system in 6.3 Version from MSCOA as per Budget Circular 94.
- b) Any other information relating to the Final Budget may be required by the National Treasury such as:
  - Budget Quality Certificate.
  - Budget Council resolution.
  - Budget document
  - Mayor's foreword

#### 1.1.2. Legal Requirements:

Section 153 of the Constitution requires that 'a municipality must structure and manage its Administration, Budgeting and Planning processes to give priority to the basic needs of the Community and to promote Social and Economic Development of the Community'.

The MFMA, together with the Municipal Systems Act (2000), aims to facilitate compliance with this Constitutional duty by ensuring that the municipalities' priorities, plans, budget, implementation actions and reports are properly aligned.

- A Final Budget and supporting documentation of the municipality must be in the format specified in **Schedule A1** and include all the required tables, charts and explanatory information.
- The MFMA requires that the Mayor may table in the Municipal council a Final Budget in 14 days after the Council has tabled the budget.
- A Final Budget of the municipality must be appropriately funded and Section 28(5) of the Act requires that the supporting documentation to accompany a Final Budget must contain an explanation on how the Final Budget is funded. This will allow the municipality to ensure that a credible budget is compiled.

Section 21 A of the Municipal Systems Act requires that the Accounting Officer of the Municipality must:

- Place on the website the Final Budget after it has been approved by the council
- Within 10 working days after the municipal council has tabled a Final Budgets, the Municipal Manager must submit to the National Treasury and the relevant Provincial Treasury, in both printed and electronic form-
  - The Draft Service Delivery and Budget Implementation Plan.
  - Any other information as may be required by the National Treasury.
- A Final Budget must be approved together with the adoption of resolutions, approving any drafts to the Municipality's Integrated Development Plan.
- MFMA circular 94 is used to guide municipalities with their compilation of the 2019/20 Revenue and Expenditure Framework (MTREF).

### 1.1.3. Overview of the Final Budget process:

- The 2018/19 mid-year performance assessment was conducted in February 2019 which formed the baseline of drafting the 2019/20 Operating and Capital Expenditure budget (both zero-based and incremental budgeting was used).
- The 2018/19 mid-year performance assessment was used to budget for own revenue and conditional grants was based on the 2019/20 DORA issued in March 2019.
- The 2019/20 Annual Budget for Expenditures and Revenues was conducted in May 2019 in consultation with Circular 94, DORA, CPI and Bargaining Council Agreement.
- The 2019/20 Revenue Budget is determined by Consumer Price Index (CPI) inflation which is forecasted to be within the upper limit of 3 to 6 per cent target band, therefore Ingquza Hill Local Municipality is required to justify all revenue increases by 3% because it has a low revenue collection rate and is based in rural areas.

- The Annual Final Budget & IDP for 2019/20 is therefore tabled within the deadlines as stipulated by legislation and Act.
- The MFMA requires the Municipal Manager to publicize the budget, relevant supporting documents and any other information that the council deem as appropriate. The supporting documentation includes:
  - Summary of the Annual Final Budget and supporting documentation in alternate languages predominant in the community.
  - Information relevant to each ward in the municipality, if that ward is affected by the Final Budget in terms of maintenance or some reason of uncompleted project.

## 2. REVENUE AND EXPENDITURE BUDGET

EC153 Ngquza Hills - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2015/16		2016/17		2017/18		Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework			
		Audited Outcome		Audited Outcome		Audited Outcome		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
<b>R thousand</b>	<b>1</b>														
<u>Revenue By Source</u>															
Property rates	2	19,667		21,368		21,541		28,628	28,628	28,628	28,628	44,942	47,085	49,627	
Service charges - electricity revenue	2	-		-		-		-	-	-	-	-	-	-	
Service charges - water revenue	2	922		1,119		1,135		-	-	-	-	-	-	-	
Service charges - sanitation revenue	2	-		-		-		-	-	-	-	-	-	-	
Service charges - refuse revenue	2	-		-		-		1,286	1,286	1,286	1,286	1,312	1,383	1,458	
Rental of facilities and equipment		18		12		12		1,482	1,482	1,482	1,482	1,562	1,646	1,735	
Interest earned - external investments		6,405		7,953		7,816		41,099	70,543	70,543	70,543	42,538	44,835	47,256	
Interest earned - outstanding debtors		1,452		1,898		-		-	-	-	-	-	-	-	



Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	68,217	61,832	67,447	79,326	79,326	79,326	103,158	108,729	114,600
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>101,604</b>	<b>51,379</b>	<b>40,671</b>	<b>84,490</b>	<b>109,025</b>	<b>109,025</b>	<b>159,687</b>	<b>165,330</b>	<b>171,855</b>
Taxation	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>	<b>101,604</b>	<b>51,379</b>	<b>40,671</b>	<b>84,490</b>	<b>109,025</b>	<b>109,025</b>	<b>159,687</b>	<b>165,330</b>	<b>171,855</b>
Attributable to minorities	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>101,604</b>	<b>51,379</b>	<b>40,671</b>	<b>84,490</b>	<b>109,025</b>	<b>109,025</b>	<b>159,687</b>	<b>165,330</b>	<b>171,855</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>101,604</b>	<b>51,379</b>	<b>40,671</b>	<b>84,490</b>	<b>109,025</b>	<b>109,025</b>	<b>159,687</b>	<b>165,330</b>	<b>171,855</b>

## 2.1 Funding of budget

- Council's main source of income is Government Grants.

The Final Budget municipal revenue Transfers is **R364 924 000.00** in total and the own revenue original budget is **R102 682 988** which makes the total budget of **R467 606 988**. The Grants are as follows as per **DORA** allocation:

- Equitable share R257 385 000
- Financial Management Grant R1 700 000
- Expanded Public Works Programme R1 407 000
- Library services R774 000
- LG Seta R500 000
- Electrification R3 182 000

- Small Town Revitalization R45 470 000
- Municipal Infrastructure Grant R54 506 000
- Although there is a decrease in INEP and MIG, there is an increase in total transfers and subsidies in 2019/20 of R53 839 000 (**2018/19** R 311 085 000 and **2019/20** R364 924 000). The increase is as a result of small town revitalization grant that has increased from R5000 000 in 2018/19 to R45 470 000 in 2019/20 financial year.
- The municipality does not charge interest on debtors as per council resolution because the rate payers need to pay their existing and long overdue debts first and some are disputing the current balances that they have. However, the CFO and the AO has requested council to consider resolving to write-off debts that are due more than 120 days and for those properties whose owners cannot be traced/ found.
- Transfers & subsidies have increased compared to 2018/19 from R311 085 000 to R364 924 000 in 2019/20 because of the increase in allocations such as EPWP, Small Town Revitalization and Equitable share.
- The tariffs for refuse charges (residential and business), property rates (Residential and business) and business licenses (Formal & Informal) have increased by 3%. Pound, cemeteries, sports field, advertising, leases, plan fees and servitudes, plan fines, land use application fees, miscellaneous fees, public notices and copies of planning documents have increased by 5.4% as gazetted. See annexure 1 for reference.
- There is an increase of 36.3% in property rates levies because the current valuation roll shows an increase in the value of some properties and we have done data cleansing to remove households that are not indigent in the indigent register and we plan on implementing thoroughly our revenue enhancement strategies to increase the collection rate on properties and there is a resolution to give 20% rebate on long overdue debts which will increase the collection rate.

## 2.2 Revenue enhancement strategies

Our revenue enhancement strategies include amongst others,

- the appointment of a debt collector,
- calling in the rate payers to sign payment arrangements and offer discounts on long overdue debts,
- on time door to door delivery of monthly statements,
- creating a good relationship with stakeholders through constant consultation and
- we are currently implementing data cleansing on the system (personal information including contact details) of debtors.

## 2.3 Expenditure

### 2.3.1 Operating Expenditure:

- The operating expenditure is as follows:
  - Employee Costs R154 976 683 – The A1 schedule shows an amount of R151 968 636 because the national treasury's mapping has moved SDL, Workmen's compensation and Membership to professional bodies to general expenditure. That is an error that they acknowledged and plan to rectify in the next budget cycle.
  - Remuneration of councilors R24 790 631.
  - General expenditure R108 319 240.36
  - Repairs and maintenance R19 833 578 – This will be shown in table SA34c in the schedule because A4 has mapped all the repairs and maintenance that are contracted to contracted services item, hence it shows an amount of R5 462 400.
- Councilors' salaries and allowances were based on the Government Gazette Determination of Earnings Threshold.
- Ingquza Hill LM has used the Collective agreement on salaries –South African Local Government Bargaining Council (SALGBC) CPI 6.4%+ 1% as a guideline to budgeting for Employee costs and the increase is as a result of the vacant posts that will be filled in the 2019/20 financial year.
- Repairs and maintenance shows an increase of 16% in 2019/20 because the municipality plans on acquiring new transport assets and plant in the next financial year in addition to the assets that we have acquired in the current financial year-2018/19.

### 2.3.2 Capital Expenditure

EC153 Ngquza Hills - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description		Ref	2015/16		2016/17		2017/18		Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework			
R thousand		1	Audited Outcome		Audited Outcome		Audited Outcome		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
Capital expenditure - <u>Municipal Vote</u>																
Multi-year expenditure appropriation		2														

Vote 1 - GOVERNANCE AND ADMINISTRATION	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - COMMUNITY SERVICES AND PUBLIC SAFETY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - ECONOMIC AND ENVIRONMENTAL SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - TRADING SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Solid Waste Removal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - NULL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - NULL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - NULL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - NULL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - NULL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - NULL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - NULL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - NULL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - NULL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - NULL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital expenditure - Municipal Vote	2																
Single-year expenditure appropriation																	
Vote 1 - GOVERNANCE AND ADMINISTRATION	5,084	1,368	3,841	13,997	18,782	18,782	18,782	18,782	11,920	12,564	13,242						
1.1 - 100	-	-	-	-	-	-	-	-	-	-	-						
1.2 - FINANCE AND ADMINISTRATION	5,084	1,368	3,841	13,997	18,782	18,782	18,782	18,782	11,920	12,564	13,242						
Vote 2 - COMMUNITY SERVICES AND PUBLIC SAFETY	-	41,588	549	8,645	7,107	7,107	7,107	7,107	16,695	17,597	18,547						
2.1 - COMMUNITY AND SOCIAL SERVICES	-	41,588	549	8,645	7,107	7,107	7,107	7,107	16,695	17,597	18,547						



Vote 3 - ECONOMIC AND ENVIRONMENTAL SERVICES											
3.1 - PLANNING AND DEVELOPMENT											
3.2 - ROADS TRANSPORT											
Vote 4 - TRADING SERVICES											
4.1 - ENERGY SOURCES											
Vote 5 - Solid Waste Removal	99,445										
5.1 - Solid Waste Removal	99,445										
Vote 6 - NULL											
Vote 7 - NULL											
Vote 8 - NULL											
Vote 9 - NULL											
Vote 10 - NULL											
Vote 11 - NULL											
Vote 12 - NULL											
Vote 13 - NULL											
Vote 14 - NULL											
Vote 15 - NULL											
Capital single-year expenditure sub-total	104,529	99,688	137,241	134,489	158,956	158,956	158,956	158,956	158,956	159,418	177,100
Total Capital Expenditure	104,529	99,688	137,241	134,489	158,956	158,956	158,956	158,956	158,956	168,026	177,100

- Capital projects are budgeted for by taking into consideration community needs that are identified through community and stakeholders engagement meetings and through National, district and Council's priorities.

2019/20

## 4. BUDGET SUMMARY DOCUMENT

EC153 Ngquza Hills - Table A1 Budget Summary

Description		2015/16		2016/17		2017/18		Current Year 2018/19				2019/20 Medium Term Revenue Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year 2021/22		
Financial Performance														
Property rates		19,667	21,368	21,541	28,628	28,628	28,628	28,628	28,628	44,942	47,085	49,612		
Service charges		922	1,119	1,135	1,286	1,286	1,286	1,286	1,286	1,312	1,383	1,458		
Investment revenue		6,405	7,953	7,816	41,099	70,543	70,543	70,543	70,543	42,538	44,835	47,212		
Transfers recognised - operational		205,725	200,211	218,568	231,918	231,718	231,718	231,718	231,718	261,766	275,901	290,112		
Other own revenue		7,887	7,676	14,310	12,858	10,821	10,821	10,821	10,821	13,892	14,642	15,412		
Total Revenue (excluding capital transfers and contributions)		240,605	238,327	263,370	315,789	342,996	342,996	342,996	342,996	364,449	383,846	404,112		
Employee costs		83,579	91,911	111,198	143,497	143,497	143,497	143,497	143,497	151,969	162,454	173,112		
Remuneration of councillors		17,825	18,984	21,600	22,954	22,954	22,954	22,954	21,600	24,791	26,501	28,212		
Depreciation & asset impairment		36,136	40,333	41,846	41,000	50,000	50,000	50,000	50,000	-	-	-		
Finance charges		578	388	468	1,173	1,173	1,173	1,173	1,173	920	970	1,022		
Materials and bulk purchases		15,166	17,644	7,830	14,472	16,532	16,532	16,532	16,532	5,462	5,757	6,068		
Transfers and grants		-	-	-	4,000	4,000	4,000	4,000	4,000	1,500	1,581	1,668		
Other expenditure		53,935	79,520	107,204	83,528	75,141	75,141	75,141	75,141	123,279	129,981	137,112		
Total Expenditure		207,218	248,781	290,146	310,625	313,298	313,298	313,298	311,943	307,920	327,245	347,112		
Surplus/(Deficit)		33,387	(10,453)	(26,776)	5,164	29,699	29,699	29,699	31,053	56,529	56,601	57,212		
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		68,217	61,832	67,447	79,326	79,326	79,326	79,326	79,326	103,158	108,729	114,112		

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2019/20

<b>Cash backing/surplus reconciliation</b>											
Cash and investments available	513,120	491,376	474,024	601,132	1,075,105	1,075,105	1,075,105	1,075,105	480,447	506,391	534,120
Application of cash and investments	17,175	(25,871)	(31,196)	(133,343)	(160,894)	(160,894)	(160,894)	(160,894)	(26,248)	(27,666)	(29,175)
<b>Balance - surplus (shortfall)</b>	<b>495,945</b>	<b>517,247</b>	<b>505,220</b>	<b>734,475</b>	<b>1,235,999</b>	<b>1,235,999</b>	<b>1,235,999</b>	<b>1,235,999</b>	<b>506,695</b>	<b>534,057</b>	<b>563,295</b>
<b>Asset management</b>											
Asset register summary (WDV)	-	-	-	-	-	-	-	-	-	-	-
Depreciation	36,136	40,333	41,846	41,000	50,000	50,000	50,000	50,000	50,000	-	-
Renewal and Upgrading of Existing Assets	-	-	2,800	-	4,401	-	-	-	54,477	57,418	60,519
Repairs and Maintenance	15,166	17,644	7,246	14,472	14,097	13,897	13,897	13,897	19,706	20,770	21,887

- The Income was reported to be = R467 606 988 ( All allocations and own revenue)
- Employee Costs = R 154 976 683
- Remuneration of councilors= R24 790 631
- Repairs = R 19 833 578
- Gross Expenditure = R 108 319 240.36
- Our capital budget will be funded by transfers from National Government and our own revenue.
- Our budget is fully funded. Ref: SA10
- The outer years have been increased by 5.4% in 2020/21 and 2021/22

## 5. BUDGET RECOMMENDATIONS

- We recommend that the budget implementation be done according to the IDP, SDBIP and procurement plan to avoid unauthorized and irregular expenditure.
- The adverts to be done in time to also cater for the re-advertisements due to non-response of bidders.
- The advert for the projects that are funded by conditional grants should be done by June of the current year so that we can appoint before the new financial year commences to avoid under spending on grants that will result in the grant being taken or reduced by Treasury.
- Finance department to Prepare monthly budget statements and be submit to departments so that they can be able to track variances and implement mitigation measures where necessary.
- The municipality to implement all the revenue enhancement strategies mentioned.
- We recommend that the IDP be prepared earlier so that the budget be done according to the projects in the IDP.
- The strategic planning and policy reviewal be done prior to budget preparation so that we can take into account the council resolution such as new post.

## 6. MSCOA & SYSTEM CHALLENGES

- Asset register module is not yet functional

**Remedial:** A delegation was sent to the system vendors head office (Munsoft) to resolve the issues

- Interface Munsoft and Payday is still done manual resulting in differences in personnel balances.

**Remedial:** A dedicated team is working on integrating the two systems

- MBRR Schedules (A, B&C) cannot be extracted from the MSCOA municipal financial system.

**Remedial:** A delegation was also sent to Munsoft for alignment of accounts.

- No formal training was done by our system vendors to the staff

**Remedial:** The municipality will organize a training for every end-user to be done by Munsoft.

- The system vendor has got challenges in extracting A6 & A9 in A1 schedule from their system

**Remedial:** The issue has been reported to treasury so that they can deal with the system vendor.

## PART 4- QUALITY CERTIFICATE

### Municipal manager's quality certificate

I, Mveliso Cioada ..... As Municipal manager of Ingquza Hill Local Municipality, hereby certify that the Final budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name Mveliso Cioada

Municipal manager of Ingquza Hill Local Municipality

Signature *Mveliso Cioada*

Date 7/6/2019

**PART 5- ANNEXURES**

5.1 Tariffs

5.2 Budget Policies

5.3 Asset Register

5.4 Schedule of Service Delivery Table